

A G E N D A



Recommendation for Council Action

Austin City Council

Item ID

9180

Agenda Number

13.

Meeting Date:

8/18/2011

Department:

Finance

Subject

Approve an ordinance authorizing acceptance of \$240,000 in American Recovery and Reinvestment Act grant funds from the United States Department of Energy administered through the Railroad Commission of Texas; amending the Fiscal Year 2010-2011 Fleet Services Department Operating Budget Special Revenue Fund (Ordinance No. 20100913-002) to appropriate these funds; and amending the Fiscal Year 2010-2011 Fleet Services Department Capital Budget (Ordinance 20100913-003) to transfer in and appropriate \$240,000 from the Fiscal Year 2010-2011 Fleet Services Department Operating Budget Special Revenue Fund to convert sixty vehicles to propane use.

Amount and Source of Funding

Funding in the amount of \$240,000 is available from the Department of Energy through the Railroad Commission of Texas as a result of the American Recovery and Reinvestment Act of 2009 with a project completion date of March 31, 2012. Because this project concerns the conversion of current vehicles, the required \$960,000 City match is met by existing vehicles in our fleet.

Fiscal Note

Fiscal notes are attached.

**Purchasing
Language:**

**Prior Council
Action:**

**For More
Information:**

Gerry Calk, Fleet Officer 974-1541; Will O'Connor, Vehicle Acquisitions Manager 927-3297

**Boards and
Commission
Action:**

MBE / WBE:

Related Items:

Additional Backup Information

The Department of Energy, through the Railroad Commission of Texas (Railroad Commission), awarded the City \$240,000 in grant funds. These funds will be used to convert 60 existing City vehicles used by Aviation, Austin Energy, and Austin Water for propane use. These vehicles currently are fueled by unleaded gasoline.

Under the terms of the grant contract, the Railroad Commission will reimburse Fleet Services \$4,000 of the \$6,000 cost per vehicle to retrofit the trucks for propane capability, for a total of \$240,000 in reimbursements. The City funds are available in the Fleet Services Department budget. These conversions will carry out the plans communicated to City Council at the time the vehicles were acquired. The grantor requires that the retrofitted vehicles use propane 95% of the time after conversions and the three user departments have been informed of this requirement.

Fleet Services Department's five existing propane fuel sites can absorb the increased demand. The grant's match requirement is met by the 60 vehicles.

Propane is environmentally cleaner than gasoline and it costs less. Accepting the grant funds will bring the City closer to its objective of obtaining carbon neutrality by 2020. Specifically, replacing gasoline with propane in these vehicles for their remaining activity lives results in a decrease in carbon emissions of over 653,000 metric tons, an 18% reduction. Additionally, the switch to propane fuel for these vehicles will save the City approximately \$194,300 over the life of the vehicles net of the City's \$2,000 per vehicle conversion expenses.

Statement Required by Corporate Budget Office: All department grant application requests are reviewed by the Budget Office prior to submission to ensure that the grant minimizes the financial impact to the City.